



PIKE RIVER COAL

(Receiver Appointed)

30 December 2010

Company Announcements Office
Australian Stock Exchange

Pike River Coal Limited (Receiver Appointed) – Securities Dealing Policy

In accordance with ASX Listing Rule 12.9, effective from 1st January 2011, attached is the Company's revised Securities Dealing Policy, noting that a receiver has been appointed and the Company's shares are currently suspended from trading.

Yours faithfully,

Brian Roulston
Company Secretary



PIKE RIVER COAL

(Receiver Appointed)

SECURITIES TRADING POLICY

DIRECTORS & OFFICERS – KEY MANAGEMENT PERSONS

FUNDAMENTAL RULE – INSIDER TRADING IS PROHIBITED AT ALL TIMES
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1. Introduction and Purpose

1.1 Scope of this document.

This document sets out the Pike River Coal Limited (Receiver appointed) policy on directors, officers, and senior management buying or selling shares, options, or derivatives of the Company.

This policy outlines when directors, officers, and senior management may deal in Company Securities, and procedures to reduce the risk of insider trading.

The requirements of this Policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand, Australia and any other country.

1.2 Who does the trading policy apply to?

This Policy applies to all directors, officers, and senior management (**Key Management Persons***) of Pike River and its subsidiaries who intend to trade Pike River's securities.

In this Policy **trade** includes buying or selling securities, or agreeing to do so, whether as principal or agent, or encouraging others to do so. This Policy applies to all Pike River's securities (whether quoted or not) including, for instance, unlisted options and convertible notes.

It is important to note that a person becomes an insider simply by possessing inside information. Although this policy applies to Key Management Persons the insider trading laws apply to **all** persons, including members of your family.

* **Key Management Persons** are those persons having authority and responsibility for planning, directing and controlling the activities of Pike River, directly or indirectly, including any director (whether executive or otherwise).

Please complete a Key Management Person's Acknowledgment form as attached to this policy prior to trading in Pike River Securities. If you would like any guidance about any part of this Policy, please contact the Chairman of the Audit Committee or the Company Secretary.

1.3 Defined terms

Company Securities includes shares in the Company, options over Shares, and any other financial products of the Company whether traded on NZX or ASX or unlisted, except for Excluded Trading.

Closed Period means the period between:

- (a) The period commencing six weeks prior to the release of Preliminary Half Year Announcement and ending 24 hours after such release;
- (b) The period commencing six weeks prior to the release of Full Year Preliminary Announcement and ending 24 hours after such release;
- (c) Any other periods from time to time when the Company is considering any price sensitive matters which are not generally available or the Board deems it not to be an appropriate time for key management persons to trade.

Disclosure Officer means the Chairman of the Audit Committee or such other person appointed to act as Disclosure Officer under this policy. In the case where the Chairman of the Audit Committee wishes to trade the Disclosure Officer shall be the Chairman.

Excluded Trading means trading in the following circumstances which are considered excluded from the Share Trading Policy:

- (a) transfers of securities of the Company already held into a superannuation fund or other saving scheme in which the Key Management Person is a beneficiary;
- (b) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (c) where a Key Management Person is a trustee, trading in the securities of the Company by that trust provided the Key Management Person is not a beneficiary of the trust and any decision to trade during a Closed Period is taken by the other trustees or by the investment managers independently of the Key Management Person;
- (d) undertakings to accept, or the acceptance of, a takeover offer;
- (e) trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- (f) a disposal of securities of the Company that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement. In this circumstance, the Key Management Person must have informed the Board of the Company prior to entering into such an arrangement over the securities;
- (g) the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Closed Period or the Company has had a number of consecutive Closed Periods and the Key Management Person could not reasonably have been expected to exercise it at a time when free to do so; and

- (h) trading under a non-discretionary trading plan for which prior Written Clearance has been provided by the Board of the Company and where:
- ☐ the Key Management Person did not enter into the plan or amend the plan during a Closed Period;
 - ☐ the trading plan does not permit the Key Management Person to exercise any influence or discretion over how, when or whether to trade; and
 - ☐ the Company's Share Trading Policy does not allow for cancellation or a trading plan during a Closed Period other than in exceptional circumstances.

Key Management Persons are those persons having authority and responsibility for planning, directing and controlling the activities of Pike River, directly or indirectly, including any director (whether executive or otherwise).

Material Information – refer to 2.2 below.

Pike River is Pike River Coal Limited (Receiver appointed).

Written Clearance means any form of writing, including any typed electronic form.

2. Insider Trading

2.1 Insider trading law

If you have any **material information** (see *What is Material Information*), it is illegal to:

- trade Company Securities;
- advise or encourage any other person to trade or hold Company Securities;
- advise or encourage a person to advise or encourage another person to trade or hold Company Securities;
- deal in or trade securities of another company using insider information obtained while performing other duties for Pike River; or
- pass on **material information** to anyone else – including colleagues, family or friends.

The prohibitions apply regardless of how you learn of the information, and regardless of why you are trading.

It is important to note that a person becomes an insider simply by possessing inside information, irrespective of how they came to possess the information. Accordingly relatives and spouses, friends, and general contacts can readily become insiders, and conversely find it difficult to prove they were not insiders.

Insider trading is a criminal offence, punishable by substantial fines and /or imprisonment. Insider trading may also attract civil liability, including liability to pay compensation to those who suffer loss or damage as a result of the insider trading.

Of equal importance, perceptions of improper conduct by people associated with Pike River have the potential to substantially damage Pike River's reputation. Regardless of whether there is substance to such suspicions, it is the perception that Key Management Persons might be engaging in insider trading that will negatively impact on the reputation of the company to the detriment of all concerned.

2.2 What is “material information”?

Material information is information that:

- is not generally available; and
- if it were generally available would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the relevant securities.

Information is generally available if it has been released as an NZX/ASX announcement, or investors that commonly invest in securities can readily obtain this information (whether by observation, use of expertise, purchase or other means).

It does not matter how you come to know the material information (including whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or at a social function).

Information includes rumours, matters of supposition, intentions of a person (including Pike River), and information which is insufficiently definite to warrant disclosure to the public.

Material information could include information which has not been released to the market such as:

- the financial performance of Pike River;
- a possible change in the strategic direction of Pike River;
- the introduction of an important new product or service;
- a possible acquisition or sale of any assets or company by Pike River;
- entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements which are not publicly known;
- a possible change in Pike River’s capital structure;
- a change in the historical pattern of dividends;
- senior management changes;
- a material legal claim by or against Pike River; or
- any other unexpected liability.

2.3 Confidential Information

In addition to the above, you also have a duty of confidentiality to Pike River. You must not reveal any confidential information concerning Pike River to a third party (unless that third party has signed a confidentiality agreement with Pike River and you have been authorised to disclose the confidential information), or use confidential information in any way which may injure or cause loss to Pike River, or use confidential information to gain an advantage for yourself. You should ensure that external advisers keep Pike River information confidential.

3 Periods During Which Dealings May Take Place

3.1 When a Key Management Person may deal

A Key Management Person may only deal in Company Securities outside of a Closed Period if he or she has complied with paragraph 3.3, and within a Closed Period if he or she has complied with paragraphs 3.3 and 3.4.

A Key Management Person may deal in the listed securities of another entity if he or she does not have information that he or she knows, or ought reasonably to know, is inside information in relation to those securities.

Notwithstanding the above, no dealing will be permitted at any time if the Key Management Person possesses (or is deemed to possess) any price sensitive information which is not generally available.

3.2 When a Key Management Person may not deal

A Key Management Person may not deal or procure another person to deal in Company Securities if:

- (a) he or she has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities; or
- (b) he or she has not complied with paragraph 3.3.
- (c) In addition to the Closed Periods, the Board has the discretion to prohibit trading by any Key Management Person during any additional periods imposed by the Board when it deems it to be appropriate (together with the Closed Periods, the “**Prohibited Period**”).

3.3 Trading Acknowledgement

Before dealing in Company Securities Key Management Persons will send a completed Trading Acknowledgment Form to:

- the Company Secretary for the attention of the Disclosure Officer; and
- in the case of the Chairman of the Audit Committee, the Chairman of the Board;

of his or her intention to trade and confirm that he or she is not in possession of any Material Information. The relevant recipients will consult and will confirm whether Pike River knows of any reason why such trade should not occur.

3.4 Exceptional circumstances

The Disclosure Officer may give clearance for a Key Management Person to buy or sell Company Securities in exceptional circumstances where the Key Management Person would otherwise not be able to do so under this policy.

The Disclosure Officer may not give clearance under the exception in this paragraph if there is a matter about which there is inside information in relation to Company Securities (whether or not the Key Management Person knows about the matter) when the Key Management

Person requests clearance or proposes to deal in Company Securities. The Disclosure Officer will decide if circumstances are exceptional in its sole discretion.

Exceptional circumstances include:

- (a) financial hardship;
- (b) requirements under a court order or court enforceable undertakings; or
- (c) other exceptional circumstances as determined by the Disclosure Officer (or Chairman if the Disclosure Officer is involved).

If the Disclosure Officer has any doubt in making a determination under this clause such discretion should be exercised with caution.

3.5 Notification of Trade in Pike River Securities

Key Management Persons should notify the Company Secretary of any trade in the Company Securities within 2 days of such trade occurring so that the Company Secretary can assist the Key Management Person to comply with the Securities Market Act 1988 and the ASX Listing rule which require the market to be notified of trading in the Company Securities by Key Management Persons. The Company Secretary will maintain a register of all trades and holdings in Company Securities by Key Management Persons in accordance with the requirements of the Companies Act 1993.

3.6 Further advice from the Company

If the Disclosure Officer is aware that a Key Management Person has provided an Acknowledgement in respect of an intention to trade Pike River restricted securities and:

- the trade has not yet occurred; and
- either the Disclosure Officer or the CEO becomes aware that any Material Information that is not known to the Key Management Person may be announced or otherwise become known by the market within the next 10 trading days

then the Disclosure officer or the CEO, as applicable, will notify the Key Management Person accordingly.

4. Short Term Trading Discouraged

Key Management Persons should not engage in short term trading (the buying or selling of Company Securities within a 3 month period), unless there are exceptional circumstances discussed with and approved by the Disclosure Officer. Short term trading can be a key indicator of insider trading, particularly if undertaken on a regular basis or in large amounts. Therefore, to reduce the risk of an allegation of insider trading, do not trade Company Securities on a short-term basis.

5. If In Doubt, Don't

The rules contained in this policy do not replace your legal obligations. The boundary between what is (and is not) in breach of the law is not always clear. Sometimes behaviour that you consider to be ethical may actually be insider trading. If in doubt, don't.

If the circumstances change from that which existed when an approval was given, you must not trade. This includes cancelling any outstanding sell or buy order you may have placed with a broker.

6. Breaches of Policy

Strict compliance with this policy is a condition of employment. Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

7. Monitoring of Trading

Pike River may monitor the trading of Key Management Persons as part of the administration of this policy.

8. Application of Policy

The Board of Pike River has approved this policy. The Board may approve updates, amendments to and exemptions to this policy from time to time, which may be implemented by written notice to you.

To the extent of any inconsistency with any previous policy or rules relating to this subject matter, this policy prevails over them.

Adopted by the board of Pike River Coal Limited on 23 December 2010.



B W Roulston
On behalf of the board of Pike River Coal Limited.



PIKE RIVER COAL

DIRECTORS & OFFICERS – KEY MANAGEMENT PERSONS

ACKNOWLEDGEMENT FOR TRADING COMPANY SECURITIES

To: the Company Secretary, Pike River Coal Limited
for attention of
Chairman of the Audit Committee, or Chairman of the Board
(delete as appropriate in accordance with Securities Trading Policy)

In accordance with Pike River's Securities Trading Policy, I hereby give notice that I intend to trade in Securities of Pike River. I acknowledge Pike River is not advising or encouraging me to trade or hold securities and does not provide any securities recommendation.

Key Management Person's Name:	
Name of registered holder (if different):	
Description and number of Securities:	
Type of proposed transaction: i.e. Purchase / Sale / Other (specify)	
To be transacted: i.e. on NZX or ASX / Off-market trade / Other (specify)	
Likely date or period of transaction	
Exceptional circumstances: (If within a closed period and exceptional circumstances are being invoked)	

I declare that I do not hold Material Information which is information:

- not generally available to the market; and
- which would have a material effect on the price of Company Securities and certify that the details given above are complete.

I am aware that it is a criminal offence to knowingly breach insider trading laws.

I know of no reason why I should refrain from trading in Company Securities and certify that the details given above are complete, true and correct.

Signature - Key Management Person

Date

Acknowledgement

Pike River hereby confirms that it has considered this notification and is not aware of any Material Information that is not known to the director but which may be announced or otherwise become known by the market within the next 10 trading days and accordingly knows of no reason why the transaction described above should not occur.

Name (on behalf of Pike River)

Date